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THE FARM COST SITUATION

Agricultural Research Service
UNITED STATES DEPARTMENT OF AGRICULTURE

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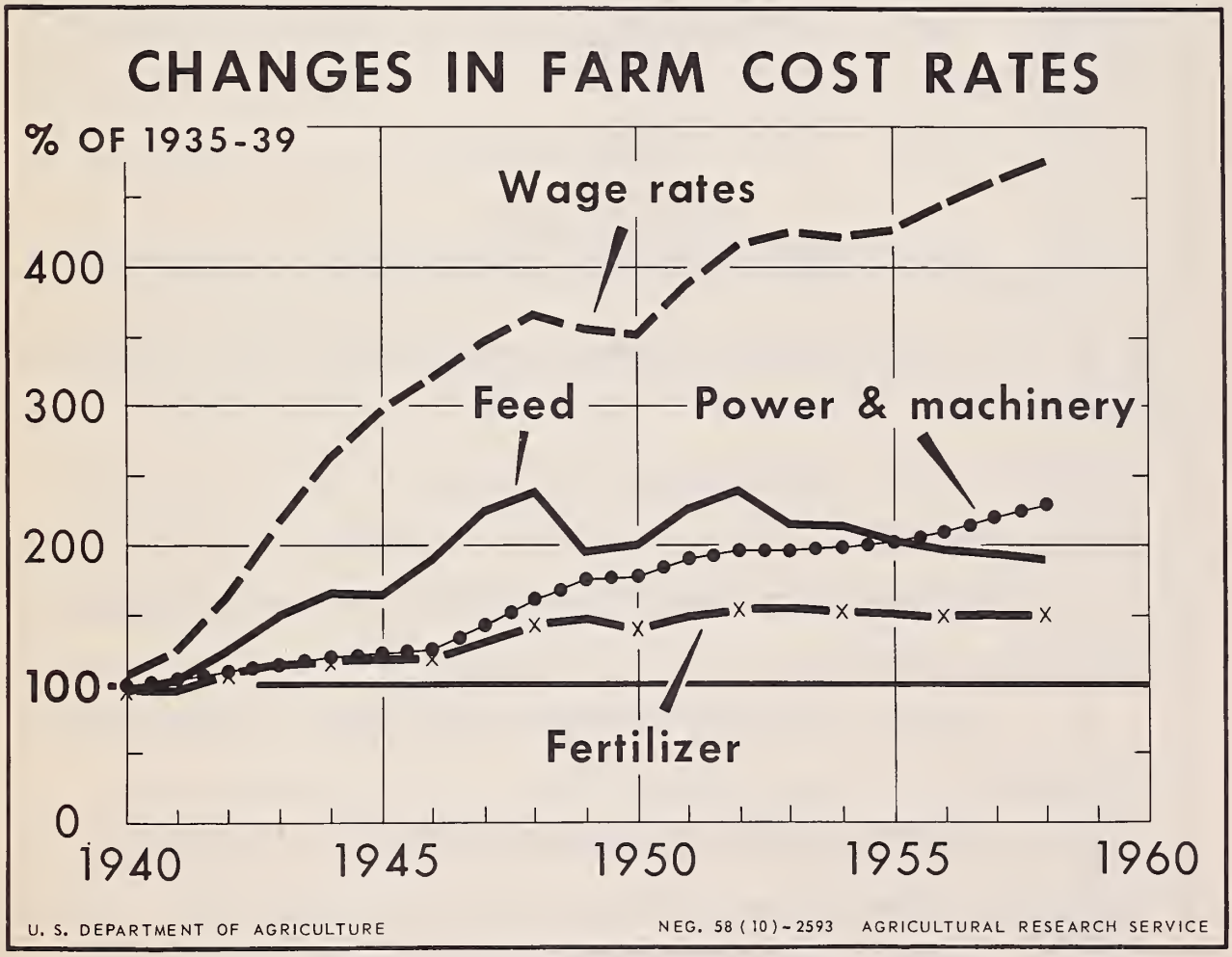

Prices paid by farmers have increased about 2 1/2 times since 1935-39. Wage rates are nearly 5 times as high and still climbing; prices of power and machinery have more than doubled. Prices of fertilizer, however, have leveled off at about 50 percent above those of 1935-39, and prices paid for feed, although nearly twice as high as in the earlier period, have declined during the last several years.

Goods and services used in production: Index numbers of cost rates and prices paid by farmers, United States

(1947-49=100)

Year or period	Commodities, interest, taxes, and wage rates	Commodities only	Feed	Livestock	Motor supplies	Motor vehicles	Farm machinery	Farm supplies	Building and fencing materials	Fertilizer	Seed	Wage rates
Average:												
1910-14	39	42	43	29	---	---	42	42	34	70	41	23
1915-19	59	63	68	44	---	---	54	70	48	101	62	34
1920-24	65	61	60	33	---	---	65	77	57	101	60	42
1925-29	65	61	58	44	94	49	64	73	54	92	60	43
1930-34	50	47	39	25	74	49	61	61	47	75	40	28
1935-39	49	52	45	36	74	56	64	60	49	71	49	28
1940	49	52	43	41	71	56	64	62	49	69	42	30
1941	53	55	47	46	74	59	65	66	53	69	40	35
1942	60	62	57	54	79	64	69	73	58	76	54	46
1943	68	69	68	61	81	67	71	82	60	81	68	61
1944	73	73	75	58	82	73	73	86	64	83	77	74
1945	77	74	74	63	82	75	74	87	66	84	79	83
1946	83	81	87	72	84	77	76	88	72	85	81	90
1947	95	95	102	90	92	90	86	95	93	93	93	97
1948	104	105	109	111	103	100	101	100	104	102	109	103
1949	101	100	89	99	105	110	113	105	103	105	98	100
1950	104	104	91	116	106	110	115	105	105	101	94	99
1951	115	115	102	141	111	118	124	112	117	106	96	109
1952	117	116	109	118	112	123	129	119	118	109	109	117
1953	112	106	98	83	114	122	130	120	118	110	100	119
1954	112	106	98	85	116	123	131	117	119	108	93	119
1955	112	105	92	84	117	126	132	114	122	107	102	120
1956	114	105	90	78	119	131	138	117	127	105	86	125
1957	118	109	88	89	123	140	146	122	131	106	89	130
June	118	108	87	88	121	139	146	122	131	---	---	---
July	118	108	87	89	---	139	---	---	---	---	---	128
Aug.	118	108	87	89	---	---	---	---	---	---	---	---
Sept.	118	109	86	89	122	139	149	122	132	106	86	---
Oct.	119	109	85	92	---	---	---	---	---	---	---	131
Nov.	119	110	84	93	---	143	---	---	---	---	---	---
Dec.	120	111	84	99	123	146	150	124	132	---	---	---
1958												
Jan.	121	112	84	102	---	145	---	---	---	---	---	132
Feb.	122	112	84	106	---	---	---	---	---	---	85	---
Mar.	123	114	86	110	121	145	151	125	132	---	88	---
Apr.	123	114	88	113	---	---	---	125	---	106	88	132
May	123	114	88	114	---	---	---	---	---	---	86	---
June	123	114	87	108	120	146	156	126	132	---	---	---
July	123	114	88	109	---	144	---	---	---	---	---	132
Aug.	123	114	88	105	---	---	---	---	---	---	---	---
Sept.	124	115	87	112	121	145	157	126	133	106	89	---
Oct.	125	114	85	113	---	---	---	---	---	---	---	138

Agricultural Marketing Service.

THE FARM COST SITUATION

Approved by the Outlook and Situation Board, November 4, 1958

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GENERAL SITUATION

Prices paid for goods and services used in farm production and costs per unit of production are expected to be somewhat higher in 1959 than in 1958. Prices paid were 5 percent higher in October 1958 than a year earlier, and they are expected to continue their upward trend. Total production expenditures are estimated to be 6 percent greater in 1958 than in 1957, but farm output is expected to be 8 percent larger. Costs per unit of production, therefore, will be lower this year as a result of the larger output, but a similar increase in production in 1959 is unlikely.

Wage rates paid to hired labor and prices paid for nonfarm goods and services used in farm production probably will average higher in 1959 than in 1958. With normal weather and current production trends, prices paid for such farm-produced goods as feed and seed are likely to be lower. As the cattle cycle is still in its expansion phase, prices paid for breeding stock and for stocker and feeder cattle probably will remain near present levels, at least until spring.

Cost rates and prices paid by farmers for major groups of production items this fall compared with a year earlier are as follows:

Livestock (October 15)	Up	23	percent
Farm real estate taxes per acre (annual average)	Up	7	"
Farm real estate (July 1)	Up	6	"
Wage rates (October 1)	Up	5	"
Farm machinery (September 15)	Up	5	"
Motor vehicles (September 15)	Up	4	"
Farm supplies (September 15)	Up	3	"
Seed (September 15)	Up	3	"
Building and fencing materials (September 15)	Up	1	"
Feed (October 15)	Up	1	"
Motor supplies (September 15)	Down	1	"
Fertilizer (September 15)	Down	1	"

Production expenditures that are greater in 1958 than in 1957 are: hired labor, new machinery and equipment, interest, taxes, and insurance.

The ratio of prices received to costs was about the same in October 1958 as a year earlier. Prices received increased in about the same proportion as prices paid for production goods and services. Since May 1958, however, prices received have declined while prices paid have risen to a new peak. Therefore, the price-cost ratio was less favorable this fall than last spring.

Most of the reduction in operating expenses per unit of production from 1957 to 1958 occurred on relatively few types of farms. The much larger wheat crops, particularly on farms in the Southern Plains, served to reduce sharply costs per unit on these farms; where crops were poor in the years immediately preceding 1958, unit costs had been abnormally high. Costs per unit were lower also on many farms in the Corn Belt, because of favorable growing conditions and greater production.

Because of the high proportion of fixed costs on most farms, production increases frequently can be obtained by relatively small additions to operating expenses (fig. 1).

Change in Production Expenses

Composition of farm production expenditures in United States agriculture as a whole has changed appreciably in the last decade. Feed, livestock, operation of farm machinery, hired services, fertilizer, pesticides, insurance, interest, and taxes accounted for a larger proportion of total expenditures in 1957 than in 1949 (table 1). Together, these items represented 62 percent of total expenditures in 1957; in 1949 they made up 52 percent of all expenditures. Making up a lower proportion in 1957 were expenditures for such capital goods as new motor vehicles, machinery and equipment, building and fencing replacement and repairs, cash wages, and net rent. As a group, these items have declined from 48 to 38 percent of total expenditures between 1949 and 1957.

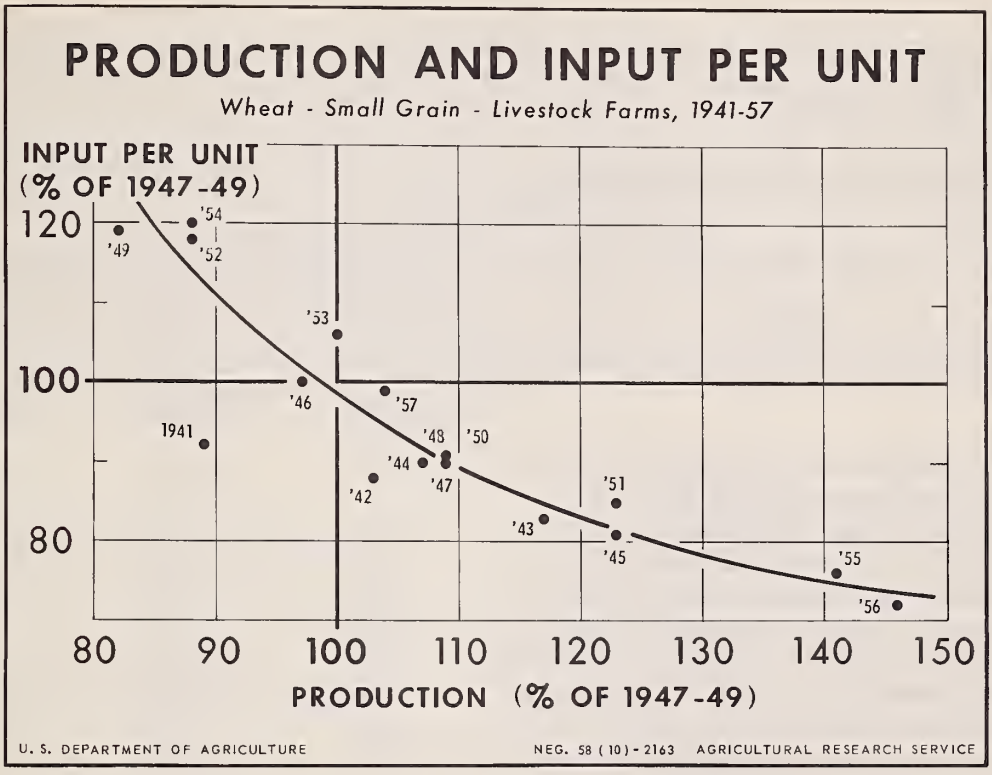

Figure 1

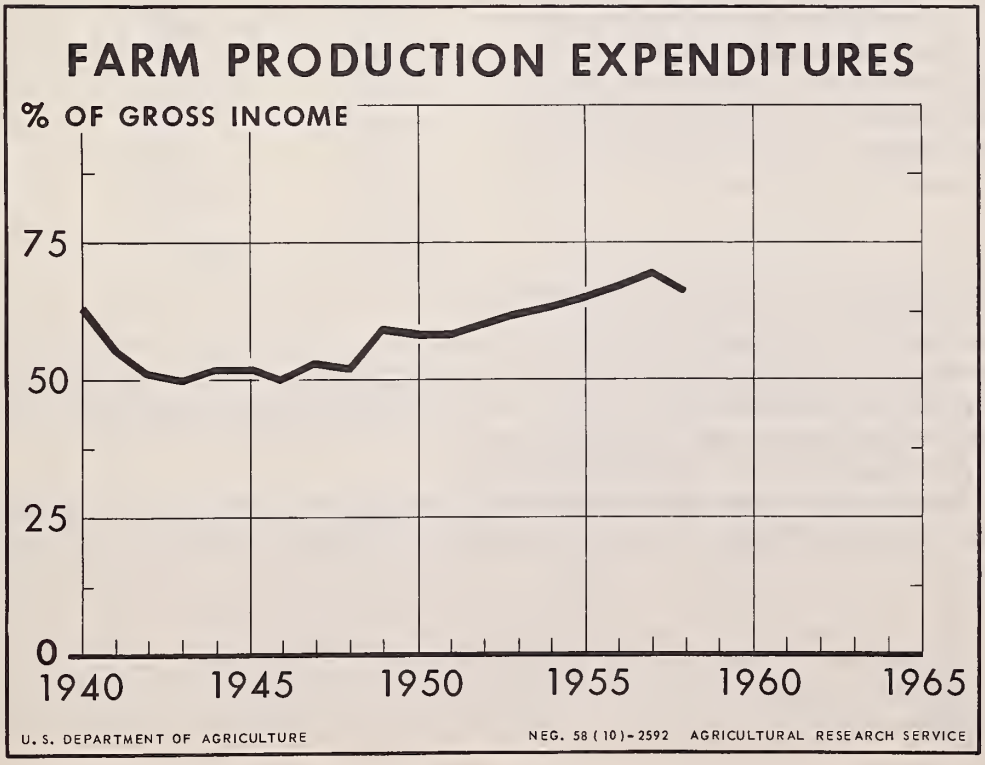

Figure 2

Greater purchases of feed and livestock have been one factor in the rising proportion of farm expenditures relative to gross income in recent years (fig. 2).

Table 1.- Percentage distribution of farm production expenditures 1949 and 1957 1/

Item	Percentage of total expenditures		
	1949	1957	Change
	Percent	Percent	Percent
Feed	15.7	18.1	+2.4
Operation of motor vehicles, machinery and equipment	11.8	13.8	+2.0
Interest	2.8	4.3	+1.5
Fertilizer and lime	4.6	5.7	+1.1
Taxes	4.5	5.6	+1.1
Livestock	7.9	8.6	+0.7
Services hired 2/	3.2	3.7	+0.5
Pesticides	0.7	1.0	+0.3
Insurance	0.6	0.7	+0.1
Repairs on service buildings and other structures	2.0	1.8	-0.2
New service buildings and other structures	4.0	3.7	-0.3
Seed	2.8	2.4	-0.4
Machinery and equipment	6.5	4.7	-1.8
Cash wages	12.6	10.7	-1.9
Net rent	8.3	6.3	-2.0
Motor vehicles	9.3	6.3	-3.0
Miscellaneous expenditures	2.7	2.6	-0.1
	100.0	100.0	0

1/ Farm production expenditures as used here consists of operators' cash expenditures (operating and capital) as published annually by the Agricultural Marketing Service in the July issue of The Farm Income Situation, less expenditures for maintenance and new construction of operators' dwellings, and government payments to nonfarm landlords.

2/ Includes such items as electricity, telephone, ginning, veterinary services, blacksmithing, tolls, livestock marketing services, and milk hauling.

FARM LABOR

Farm wage rates changed little during the first part of 1958 but rose substantially from July to October. They are now at or near record high levels in all parts of the country. Nationally, the composite rate is approximately 80 cents per hour; 7 cents or nearly 10 percent higher than in July. The seasonally adjusted index of wage rates rose from 132 percent of the 1947-49 level in July to 138 in October or about 5 percent. In the third quarter of 1958, farm wage rates rose about twice as much as is usual for this season of the year. Because wage rates remained stable in early 1958, the annual increase this year will be less than for either 1957 or 1956 (table 2).

Higher farm wage rates are anticipated in 1959. The annual increase is expected to average at least as large as during 1958. In addition to wages, other labor costs are increasing. Social Security taxes will be higher next year. On January 1, 1959, the rate will be increased from 2 1/4 to 2 1/2 percent for both employer and employee. Expenditures for perquisites, such as housing and food, which are furnished many hired workers, have tended to increase in 1958 and the trend will continue. The contracting fee for Mexican Nationals brought in for seasonal farmwork was increased from $10.00 to $15.00 per worker this year. This will raise labor costs slightly for the employers who rely on this source of labor.

The supply of dependable year-round workers, both single men and married couples, continued tight this year for livestock and dairy farmers. Seasonal workers were more plentiful during the first part of the year in line with the slack in the general economy. Recent improvement in business conditions and the bumper yields of crops being harvested have brought a tighter farm labor market. During the first part of the 1958 crop year fewer workers from foreign sources were employed on United States farms than during the same period in 1957. During recent months, however, the number has exceeded that of a year ago.

Current indications are that the annual average number of hired farmworkers will be greater this year, but that the increase will be more than offset by fewer family workers. Continued advances in mechanization, and further reduction in number of farms have been largely responsible for the long-term decline in farm employment. Despite this long-term trend, however, total man-hours of farm work this year is expected to be greater than in 1957 because of the sharp rise in farm output. But increasing mechanization and changing technology will continue to exert a downward pressure on the size of the farm work force next year.

Increased labor requirements for chopping and picking cotton are likely to be important influences in the 1959 farm labor market. The new program that will permit growers to overplant their allotments by 40 percent and still participate in price-support programs is expected to result in a substantial increase in acreage. If such acreage matures to a good yield and is harvested during the usual period by present methods, a

Table 2.- Labor used on farms, labor productivity, wage rates, and related data: Index numbers, United States, 1940-58 1/

(1947-49=100)

Year	Farm employment			Man-hours of farm work	Farm output 3/	Farm output per man-hour	Gross farm income per man-hour	Farm wage rates 4/
	Total 2/	Family 2/	Hired					
1940	107	104	117	119	83	70	28	30
1941	104	101	116	117	86	74	35	35
1942	103	100	112	122	96	79	46	46
1943	102	101	107	121	94	78	58	61
1944	100	100	98	120	97	81	61	74
1945	98	99	93	112	96	86	69	83
1946	101	102	96	108	98	91	81	90
1947	102	102	99	103	95	92	99	97
1948	101	101	102	100	104	104	103	103
1949	97	97	99	97	101	104	98	100
1950	97	96	102	89	100	112	109	99
1951	93	92	98	91	103	113	122	109
1952	89	88	94	89	107	120	125	117
1953	87	85	91	88	108	123	119	119
1954	84	83	90	85	108	127	119	119
1955	82	80	88	85	112	132	118	120
1956	76	74	84	83	113	136	124	125
1957	74	71	83	79	113	143	130	130
1958 5/	73	70	85	80	122	151	140	133

1/ Data on farm employment, wage rates, and farm income are from the Agricultural Marketing Service, United States Department of Agriculture.

2/ Includes farm operators and members of their families.

3/ Net calendar-year production for eventual human use.

4/ Simple average of seasonally adjusted quarterly indexes.

5/ Preliminary. Estimates of farm output and man-hours based on September 1958 "Crop Production" report and other releases of the Agricultural Estimates Division, Agricultural Marketing Service.

greater labor force will be required. But the greatest increases in acreage are anticipated in areas where mechanical pickers and strippers are widely used. If use of these machines is extended, the labor problem will not be serious. Usually a smaller labor force is needed for chopping than for harvesting cotton. But because of greater need for timeliness, labor for chopping may be a problem also. A substitute for hand chopping that is entirely satisfactory has not been developed.

FARM POWER AND MACHINERY

Retail prices of farm machinery in September 1958 were about 5 percent above the same month in 1957. Prices of motor vehicles were 4 percent higher. Prices of motor supplies, however, have been slightly below the previous year. Wholesale prices of farm machinery and equipment for the first 9 months of 1958 were about 3 percent higher than in the same period in 1957 (table 3). Higher prices of steel and increasing industrial wage rates are likely to result in continuing moderate price increases in farm machinery, at least for the next year.

Prices of used machinery have remained fairly strong again in 1958, and in some areas, appear to be higher than a year earlier. In analyzing their needs many farmers will do well to compare the purchase price and utility of new and used machines before buying.

The moderate increase in the number of major machines on farms during 1957 probably has continued in 1958. Many farmers, especially those with higher incomes in 1958, have replaced their machines at a faster rate than formerly; others are increasing their inventory of machinery. This is indicated by larger shipments of farm machinery during the first half of 1958 than in the comparable period of the last few years. However, numbers of machines have increased more slowly in recent years than they increased from 1948 to 1952. Despite a slight increase in number of machines, the volume of machinery (value at 1947-49 prices) on farms, after allowing for depreciation, has decreased slightly since the peak in 1954 (table 3).

In sizing up the opportunities for further mechanization, the cost of a piece of farm machinery or equipment must be considered in relation to what it will do. Initial investment is only one factor. Operating costs and the quantity and quality of the resulting product are often more important. A new tractor with various improvements may cost more than a tractor of the same size only a few years ago, even after allowing for changes in the price level. But the new models may produce more horsepower per gallon of fuel or operate on lower cost fuel, and a man may accomplish more in a day with less effort than he could with the earlier model. Mechanization, however, does not always result in decreased unit costs. The machine purchased may be too large for the job or otherwise ill fitted to other resources. Furthermore, the purpose of mechanization may be convenience and freedom from drudgery rather than lower costs.

Table 3.- Power and machinery on farms and manufacturers' shipments of farm machinery and equipment, index numbers, United States, 1940-58

(1947-49=100)

Year	Number on farms, January 1				Value at 1947-49 prices of-			Wholesale prices of tractors, farm machinery, and equipment 6/
	Workstock 3 years old and over	Tractors 1/	Automobiles	Motortrucks	Farm machinery on farms January 1 2/ 3/	Motor vehicles on farms January 1 3/ 4/	Domestic shipments for farm use 1/ 5/	
1940	144	54	97	55	60	83	---	68.9
1941	140	58	101	58	61	87	---	69.7
1942	136	65	109	61	67	102	---	72.2
1943	134	72	101	68	69	90	30	72.2
1944	130	76	98	73	67	78	55	72.5
1945	125	83	97	79	72	73	60	72.9
1946	117	87	99	82	80	72	69	78.1
1947	108	92	101	90	84	79	89	90.3
1948	100	99	99	101	98	98	107	101.4
1949	92	109	100	109	118	123	104	108.3
1950	85	119	98	117	131	153	104	110.7
1951	77	129	98	122	142	175	118	120.1
1952	67	137	99	128	152	190	101	121.6
1953	59	144	99	133	160	187	93	122.3
1954	52	149	99	138	163	198	77	122.2
1955	47	152	99	143	163	196	87	123.2
1956	43	158	99	148	162	196	71	127.6
1957	39	161	99	154	159	187	73	133.5
1958 7/	36	164	99	159	156	182	8/	9/ 138.0

1/ Excludes garden tractors. 2/ Excludes tractors and other motor vehicles, but includes farm equipment. 3/ Original values adjusted for price changes and depreciation. 4/ Includes tractors, automobiles, and motortrucks. 5/ Based on data published in Facts for Industry, Bureau of the Census. Includes tractors, farm machinery, and equipment. Excludes motortrucks, automobiles, and attachments and parts for tractors. Includes estimates for items not reported for 1954. 6/ Bureau of Labor Statistics, U. S. Department of Labor. 7/ Preliminary. 8/ Not available. 9/ Average of first 9 months.

Farmers have shown increasing interest in mechanical equipment designed to handle materials that previously required hand labor. Such devices are mechanical barn cleaners, automatic silo unloaders, power unloading racks for trucks and wagons, mechanical feeders, pipeline milking units, and others. This equipment can mean lower unit costs, fewer man-hours, and less drudgery. Increases in manufacturer's shipments of these items in 1957 over 1955, as reported by the Census Bureau in "Facts for Industry", are as follows:

Shipments	Percentage increase from 1955 to 1957
Barn cleaners	93
Silo unloaders	150
Power unloading racks for trucks and wagons	31
Mechanical feeders	51
Pipeline milking units (individual clusters)	109

Other machines not yet commercially available are in the offing. For example, machines to pellet or otherwise compress hay so that it can be handled like grain, are in process of development. Such a development obviously would affect the whole pattern of handling hay; it could have a real impact on costs and quality of product. Possibilities of this type are a part of the longer-term outlook. These machines may have a high initial cost, but they could be used on a custom basis.

Generally, farms in the United States are highly mechanized but there are still opportunities on many of them to reduce costs and save labor by use of improved methods and machines. Operators of small farms often can obtain many of the benefits of mechanization by using hired equipment. When information on costs of owning and operating machines is available, it can be compared with local custom rates to determine the lowest cost method for specific farming situations. Often operators of larger farms that have small enterprises can hire specialized machines more advantageously than owning them.

FEED

Feed concentrates are in abundant supply at the beginning of the new feeding year. Although this year's big crop is distributed widely throughout the country, this does not mean lower prices for all grains. Prices of corn and oats were somewhat lower in October 1958 than a year earlier, while prices of barley and grain sorghum were higher. Numbers of livestock on farms, particularly cattle and hogs, also are expected to be larger. Nevertheless, the amount of feed available per animal unit is

Table 4.- Supply and utilization of feed concentrates, and livestock fed, United States, 1937-58 1/

Year beginning October	Supply				Utilization		Stocks of feed grains, end of year 3/	Number of grain-consuming animal units	Per grain-consuming animal unit		
	Stocks of feed grains, beginning of year	Production of feed grains	Other feed concentrates 2/	Total supply	Seed, human food, industry, and export	Concentrates fed to livestock			Production of feed grains	Supply of concentrates	Concentrates fed
	Million tons	Million tons	Million tons	Million tons	Million tons	Million tons	Million tons	Million units	Tons	Tons	Tons
Average:											
1937-41	16.9	99.3	19.9	136.1	12.1	104.9	19.9	153.1	0.65	0.89	0.69
1942-46	14.7	117.3	29.4	161.4	14.8	133.0	13.5	176.9	.66	.91	.75
1947-51	22.2	116.9	25.5	164.6	12.5	123.9	23.5	162.2	.72	1.01	.76
1952-56	32.2	124.4	27.1	183.7	18.4	127.4	38.0	160.7	.77	1.14	.79
1952	20.1	119.7	27.9	167.7	16.9	122.7	27.0	158.8	.75	1.05	.77
1953	27.0	117.5	27.7	172.2	16.0	125.7	31.7	156.7	.75	1.10	.80
1954	31.7	123.9	26.2	181.8	18.5	126.1	39.1	161.5	.77	1.13	.78
1955	39.1	130.9	26.9	196.9	20.6	132.1	43.3	165.4	.79	1.19	.80
1956	43.3	130.2	26.9	200.4	19.8	130.6	48.9	161.1	.81	1.24	.81
1957 4/	48.9	142.4	28.2	219.5	22.9	138.8	59.0	161.5	.88	1.36	.86
1958 5/	59.0	154.1	28.9	242.0	22.5	144.2	75.0	171.0	.90	1.42	.84

1/ From Grain and Feed Statistics, March 1958, page 3, and Feed Situation, AMS, October 1958, table 2.
2/ Includes byproduct feeds, imported grains, and domestic wheat and rye fed.
3/ Stocks do not necessarily equal supply less feed and other utilization because of a difference in the crop year for different feed grains.
4/ Preliminary.
5/ Preliminary estimates based on indications in October 1958.

expected to be a little larger than in the 1957-58 feeding year. With lower prices expected for finished livestock next year, returns from feeding may not be as large as in the year just ended. Return per dollar of feed fed to most major classes of livestock, however, probably will remain favorable for farmers who raise their own feeders.

The combined production of the four feed grains (corn, oats, barley, and sorghum grain) in 1958 is expected to total about 154 million tons, 12 million tons above the record production of 1957 (table 4). The total supply of feed concentrates for the feeding year beginning October 1, 1958, will be about 242 million tons. This includes a carryover of 59 million tons, of which more than 50 million tons are owned by CCC or under loan.

Grain-consuming animal units are expected to increase by about 10 million to 171 million in the 1958-59 feeding year, after remaining at about 161 million in the previous 2 years. Most of the increase will come from the larger number of hogs raised. However, the number of beef cattle on farms will increase also.

The number of roughage-consuming animal units, about 96 million in 1958-59, will be about 3 million larger than last year. This will reflect a further decrease in numbers of milk cows, but a significant increase in numbers of beef cattle.

The index of prices paid by farmers for feed was 1 percent higher than a year earlier. Prices of corn and oats on October 15, 1958,were 2 and 8 percent lower, respectively, than a year earlier, whereas prices of barley and sorghum grain were 4 and 10 percent higher (table 5). The price of baled hay was about 3 percent lower than in October 1957. Prices of formula feeds were up to 3 percent higher, prices of oilmeal feeds were from 3 to 11 percent higher, and prices of animal protein feeds were about 28 percent higher.

The changes in gross returns per $1.00 of feed cost, based on October 15 prices, varied from a decrease of 11 percent from broilers to an increase of 31 percent from beef-raising enterprises (table 6). Lower prices received for eggs and broilers and higher prices for mixed feeds were responsible for the declines in returns per $1.00 of feed costs of 11 and 10 percent,respectively. Returns per $1.00 of feed cost in raising sheep declined 3 percent from a year earlier. Returns per $1.00 of feed costs from turkeys, butterfat, hogs, and beef-raising enterprises increased 8, 10, 10, and 31 percent, respectively, over a year ago. Returns per $1.00 of feed costs from milk production were about the same as a year earlier.

Prices of feed grains probably will advance from the current seasonal low, but they are not likely to increase as much next spring and summer as a year earlier when they advanced more than seasonally. Prices of high protein feeds are expected to be more stable in 1959; they probably will average a little lower than during the past year.

Table 5.- Average prices of feed in the United States, October 15, 1958, with comparisons

Item	Unit	October 15, 1956	October 15, 1957	October 15, 1958	1958 as percentage of 1957
		Dollars	Dollars	Dollars	Percent
Prices received by farmers:					
Corn	Bushel	1.19	1.06	1.04	98
Oats	do.	.69	.61	.56	92
Barley	do.	.98	.83	.86	104
Sorghum grain	Cwt.	2.07	1.43	1.57	110
Hay, baled	Ton	21.50	18.50	18.00	97
Prices paid by farmers:					
Mixed dairy feed, 16 percent protein	Cwt.	3.66	3.57	3.57	100
Laying mash	do.	4.49	4.36	4.45	102
Broiler mash	do.	4.97	4.83	4.97	103
Cottonseed meal	do.	3.78	3.72	3.83	103
Soybean meal	do.	3.87	3.85	4.26	111
Linseed meal	do.	4.13	3.94	4.12	105
Meat scraps	do.	5.03	4.84	6.18	128
Bran	do.	2.88	2.68	2.66	99
Middlings	do.	3.03	2.79	2.79	100
Alfalfa hay, baled	Ton	33.20	30.30	28.90	95
Average value of concentrate ration fed to poultry and milk cows: 1/					
Fed to poultry	Cwt.	3.53	3.37	3.37	100
Fed to milk cows, in milk-selling areas	do.	3.05	3.01	2.91	97
Fed to milk cows, in cream-selling areas	do.	2.65	2.55	2.42	95

1/ Value of corn, oats, oilmeal, millfeed, commercial mixed feed, etc., that make up 100 pounds of "grain" ration.

Table 6.- Gross returns from livestock enterprises per $1.00 of feed cost, based on prices October 15, United States 1/

Livestock enterprise or product	October 15, 1956	October 15, 1957	October 15, 1958	Percentage increase or decrease 1957 to 1958
	Dollars	Dollars	Dollars	Percent
Eggs	1.54	1.82	1.62	-11
Broilers	1.15	1.27	1.14	-10
Turkeys	1.54	1.39	1.50	+ 8
Milk	2.14	2.35	2.36	0
Butterfat	1.32	1.45	1.59	+10
Hogs	1.60	1.94	2.14	+10
Sheep-raising	1.30	1.65	1.60	- 3
Beef-raising	1.51	1.98	2.60	+31

1/ Quantities of feed used in calculating the cost of feed were as follows:

Eggs (per dozen)---------- 7 lbs. poultry ration
Broilers (per lb.)---------- 2.8 lbs. broiler mash
Turkeys (per lb.)---------- 4.75 lbs. poultry ration
Milk (per cwt.)---------- 31 lbs. concentrates and 110 lbs. hay
Butterfat (per lb.)---------- 7.75 lbs. concentrates and 27 lbs. hay
Hogs (per cwt.)---------- 7.5 bu. corn and 20 lbs. soybean meal
Sheep and lambs (per cwt.)------ 2 bu. corn and 1,500 lbs. hay
Beef-raising (per cwt.)--------- 3 bu. corn and 600 lbs. hay

LIVESTOCK

Prices paid by farmers for feeder and replacement livestock were higher in October 1958 than a year earlier for all classes except baby chicks and turkey poults. Average U. S. prices paid for feeder and stocker cattle and calves rose from $20.00 per hundredweight for the United States as a whole in October 1957 to $25.90 in May 1958. During the summer, prices declined slightly, but by October 1958 they had risen to an average of $25.80 per hundredweight. Prices of feeder lambs were up slightly from October 1957 to $22.90 in October 1958. Prices paid for feeder pigs rose slightly to $19.70 per hundredweight during the same period. Prices paid for baby chicks declined about 70 cents a hundred to $12.60; and turkey poults were 1 cent lower at 54 cents each.

Prices paid for milk cows advanced throughout 1957 and continued the rise during 1958 to an average of $220 a head in October. These prices were 28 percent above prices paid a year earlier and 42 percent above those of January 1957. Although prices paid for other cattle leveled off during the summer of 1958, prices paid for milk cows continued to climb.

Prices for feeder cattle are not expected to rise this winter as they did a year ago. In October, they were at a point that allowed little or no price margin in feeding. In the 10-year period ending September 1958, prices of good and choice steer calves at Kansas City averaged above choice fed steers in Chicago in 44 of the 120 months; the average "spread" was $1.10 per hundredweight. Prices of feeder calves have been above prices of fed steers since October 1957. Since March 1958, the "spread" has increased rapidly. In October 1958, prices of these feeders averaged $6.80 per hundredweight above those of choice fed steers; the largest ever recorded (fig. 3).

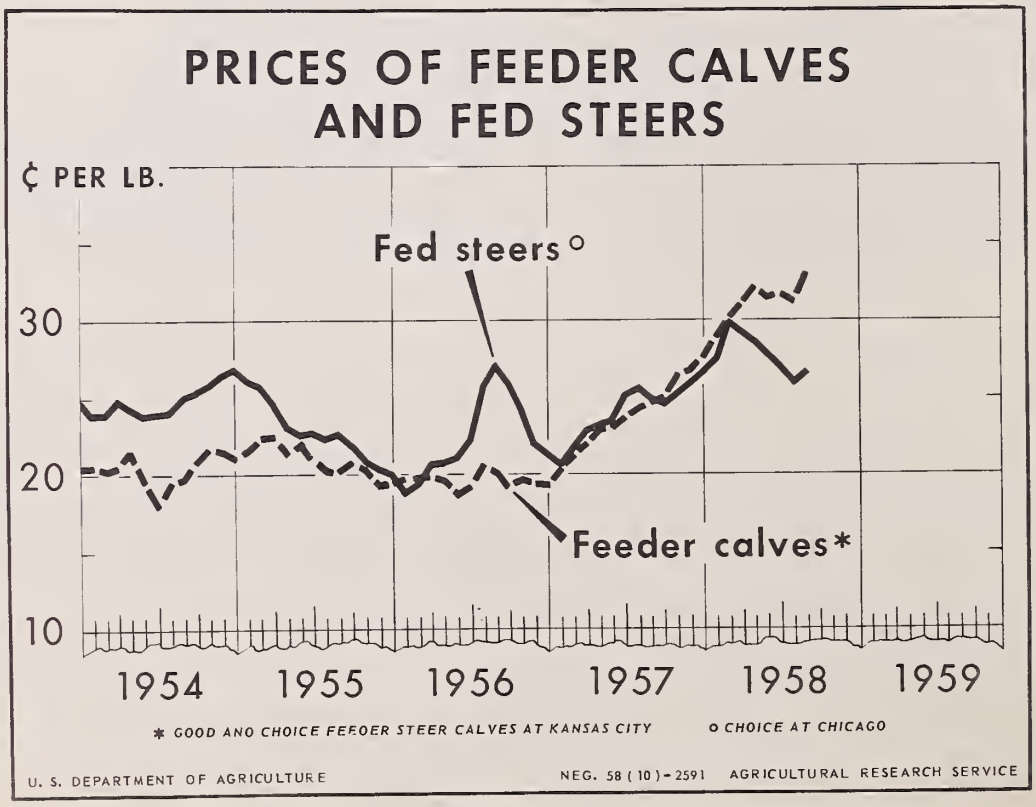

Figure 3

If prices of feeder cattle remain at the present level, a considerable rise in prices of fat cattle is needed to restore normal price relationships. Although prices of fat cattle may rise somewhat before beginning a seasonal decline later, feeder prices are likely to soften to some extent during the winter. If they do decline, some seasonal rise in the spring may be anticipated. A strong demand for replacement stock may keep feeder prices high relative to fat cattle prices well into 1959.

SEED

Retail prices of grass and legume seeds are expected to average slightly higher next spring than they did in the spring of 1958, but prices paid for seed corn, seed grains, and seed potatoes are expected to be lower.

Supplies of most grass and legume seeds, including those held by dealers and growers, are still large in relation to normal domestic requirements but are smaller than those of last year. However, larger quantities of some kinds of grass seed would have been harvested if prices had been more favorable.

Prices paid for seeds were slightly higher in mid-September than a year earlier, but they were 10 percent below the 1949-53 average and 18 percent below the record high. Prices of a few kinds of grass and legume seeds - crimson clover, timothy, common vetch, blue lupine, common ryegrass, and Austrian winter peas -- were above their respective 1949-53 averages. On the other hand, prices of alfalfa (common and improved varieties), ladino clover, tall fescue, sweet lupine, smooth bromegrass, and crested wheatgrass were below average by at least 25 percent.

FERTILIZER

Fertilizer prices have not changed materially during the last 6 months, although a slight decline was reported in prices of muriate of potash and two of the more popular nitrogen materials, ammonium nitrate and anhydrous ammonia. Prices of phosphates have remained generally steady during the last half year. The index of fertilizer prices (based on 1947-49 = 100) was 106 in September 1958, unchanged from a year earlier.

Consumption of fertilizer in 1958 was about the same as in 1957. Consumption in the first half of 1958 lagged in the older using sections compared with the previous year. Some pickup in the last half of the season in these sections, together with a continued rise in consumption in the Middle West, is likely to mean a total U. S. consumption in 1958 about the same as that in 1957.

Consumption of plant nutrients from fertilizer has increased more slowly in recent years compared with relatively large annual increases from 1939 to 1954. The war and early postwar years were characterized by prices of farm products that rose faster than the prices farmers paid for supplies and services. Since 1952, with less favorable price ratios and acreage allotments limiting the acreage of some crops that use relatively large quantities of fertilizer, consumption of fertilizer has increased more slowly.

Total fertilizer use in 1959 likely will be a little higher than in any year on record. High crop yields in 1958 that drew heavily on soil fertility, higher incomes in 1958, and an expected increase in acreage of cotton and other crops using large quantities of fertilizer likely will cause some increase in the rate of fertilizer use.

Present estimates indicate that current rates of application of fertilizer on all crops and pasture in the United States are returning about $3.00 for an additional dollar's worth of fertilizer applied. Looked at in another way, the additional production from a ton of plant nutrients distributed according to present use is approximately equal to the production obtained from about 10 3/4 acres of land. 1/ Use of more fertilizer and other improved practices indicate that farmers are finding these practices profitable.

BUILDING MATERIALS

Cash expenditures for service building and fencing materials accounted for more than 20 percent of all farm capital outlays in recent years. Prices paid by farmers for these materials averaged slightly higher in September 1958 than a year earlier. The materials needed to build a mile of typical farm fence (32-inch woven wire with 2 strands of barbed wire) cost about $821 in the fall of 1958 as compared with $805 a year ago and less than $300 in the late thirties.

In 1959, the prices of building and fencing materials are likely to be slightly higher as industrial wages increase and overall building activity expands.

PESTICIDES

The average price of major pesticidal chemicals has changed little since 1954, although prices of particular materials shift occasionally. During the 1958 season, the price of methyl parathion declined, largely because of competition from foreign-made chemicals. Endrin was quoted at lower prices, and slightly lower prices were quoted for malathion and rotenone. Prices of DDT were the same or slightly higher because of heavier exports, which are expected to continue during 1959. Prices of dieldrin and copper sulfate rose slightly during the year. Prices of most other pesticides including aldrin, 2,4-D, and toxaphene remained unchanged.

Despite the late start, reports on sales of pesticides indicate larger consumption during the 1958 season than a year earlier. Cold wet weather in the late winter and spring of 1958 reduced the needs for insecticides in the early part of the season. Grasshoppers caused considerable damage in the Southwest and large quantities of chemicals were used to reduce the extent of damage. Large quantities of chemicals were used also to control cotton insects.

Insecticides comprise roughly 60 percent of all pesticides used; fungicides and fumigants, 25 percent; and weed killers, 15 percent. The proportions of fungicides and weed killers appear to be rising gradually as more effective chemicals are developed.

1/ Ibach, D. B., and Lindberg, R. C., Economic Position of Fertilizer Use in the United States. U. S. Dept. Agr. Agr. Inform. Bul. 202. November 1958.

FARM REAL ESTATE

Most of the forces behind the rise in prices of farm real estate since the last decline in 1953 will be present in 1959. Carry-over effects of higher farm income in 1958 and continued recovery of the general economy are likely to give additional impetus to the rise through the winter and early spring of 1959. Even though the trend may lose some of its momentum in the last half of 1959 because of lower farm incomes, the total increase in the national index of land prices for the year could still be as large as the 6-percent rise in 1958.

As of mid-1958, market prices of farm real estate were at new record highs in 46 States. Sharpest advances in the 12 months ended July 1, 1958, were in the Northern Plains States. Excellent crop prospects following several years of drought in the winter wheat area of the Great Plains served to strengthen the market in these States. Scattered States elsewhere, notably Florida and those in the Northeast, also showed larger than average increases mainly because of nonfarm demand. Although the increases in the Corn Belt were more moderate, the total gains in this area during the last several years were fully as large as elsewhere. In 1952-53, values in this area were sustained, or continued to advance whereas small declines occurred in most other sections of the country at that time.

Viewed in a longer time perspective, the increase for the last year is the continuation of a long-term trend that began in 1934. Although the rise was interrupted in 1938-39, the first main reversal occurred in 1949, when values declined about 3 percent. This loss was quickly recovered after the Korean outbreak, which resulted in a rise that continued until mid-1952. Values declined about 4 percent in the following 18 months, but again turned upward in early 1954. Since the low reached in November 1953, the national average has advanced about 25 percent. This sustained rise during the last 4 years has raised the national level about 50 percent above the post-World War I peak in 1920 and to nearly 4 times the 1933 low.

Although favorable crop and income prospects in 1958 have contributed to the further increase in land values this year, a number of other forces continue to sustain the longer term upward trend. Among these forces are general inflationary pressures, demand for rural lands for nonfarm uses, Government programs for agriculture, and technological advances in farming. The latter, especially the increased mechanization, has strengthened the demand for additional land to expand existing farms; it will continue to be an important factor in the land market of 1959.

Many farmers have found it desirable to substitute more and larger machines for hired labor. Once this investment has been made a larger acreage is needed to make efficient use of the new machines. Often, a farmer who adds land can realize larger marginal returns from it than can the buyer of a complete farm unit.

Land purchase and rental markets provide an opportunity each year for a limited number of farmers to enlarge their operating units. About 2 percent of the farmers in the United States had larger operating units in 1958 than in

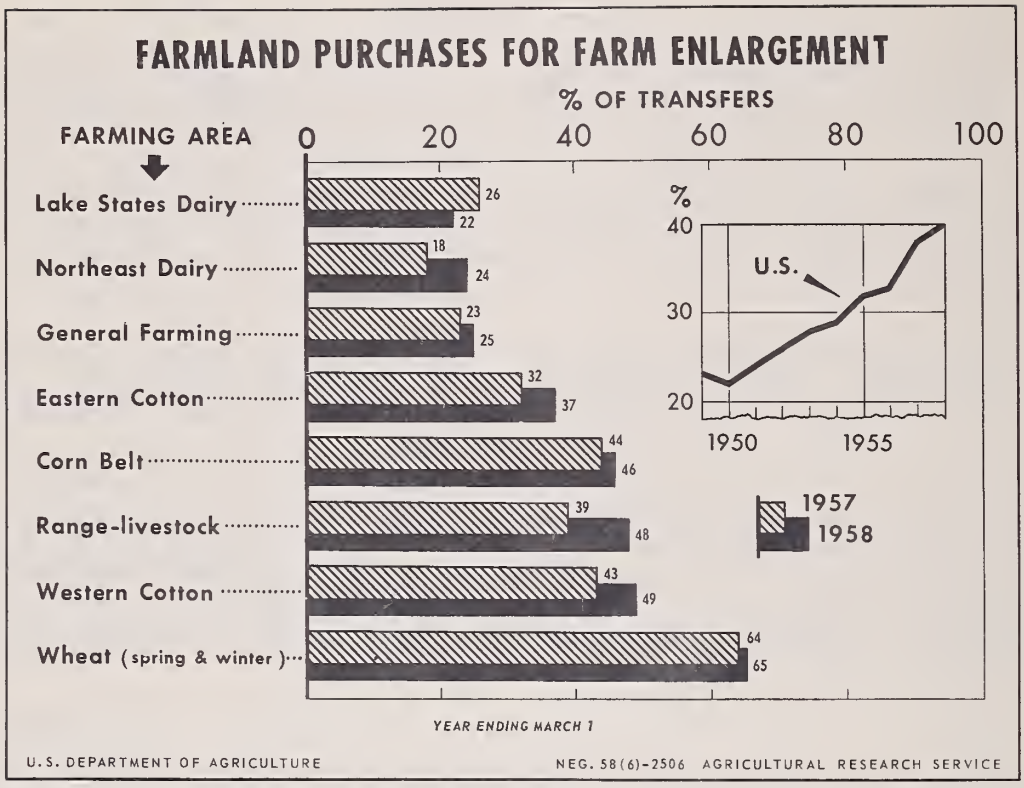

Figure 4

1957. About half of them rented additional land, while the other half bought land. These purchases represented about two-fifths of all purchases of land in the year ended March 1, 1958. In 1957, they amounted to about 38 percent of the total and in 1950 to about 20 percent. Thus, farm operators have become of increasing importance as buyers of farmland.

Although the relative importance of purchases for farm enlargement varies between areas, market demand and prices have been strengthened throughout the Nation. The western two-thirds of the country, notably the spring and winter wheat areas where nearly two-thirds of the purchases of farmland are for farm enlargement is still most strongly affected (fig. 4).

In recent years, farm-enlargement has contributed to the decline in the total number of farms. In most commercial farming areas, parcels and tracts of land often command a higher price per acre than complete farms, particularly when the complete farm is above average in size. Consequently, a higher total price can often be realized for a large farm if it is offered in two or more tracts.

INTEREST

Interest rates in the central money markets, which ultimately affect the rates paid by farmers for loans, fluctuated over an exceptionally wide range during the last year. They dropped sharply from October of last year to mid-1958 and have risen abruptly since then.

The prospect for interest rates on the money that farmers will borrow in 1959 hinges on rates in the central money markets. In turn, these rates will be influenced strongly by Federal Reserve policy. With the economic recovery now underway, average interest rates on new loans probably will be higher during 1959 than they were in the fall of 1958.

Farm debt is also rising. Hence the prospect is for higher rates of interest on a growing volume of debt. During the last 2 years, farm-mortgage debt has increased about 6 percent per year. Further growth at approximately the same rate may be expected for 1959. Non-real-estate debts of farmers to banks and federally sponsored agencies rose about 11 percent in 1957 and 8 percent in 1958. A somewhat lower rate of growth - probably not more than 6 percent - is anticipated for 1959.

In September 1957, the Federal land banks sold an issue of 16-month bonds on terms that cost them 4.89 percent per annum for the money thus raised. A 15-month issue in July 1958 was sold at a cost of only 2.00 percent per annum. Since then interest rates have risen sharply. In October 1958, a 6-month issue cost 3.60 percent per annum and a 3-year issue cost 4.08 percent.

Similarly, the cost of money raised by the Federal intermediate credit banks through sale of 9-month debentures dropped from 4.98 percent per annum in November 1957 to 1.48 percent per annum in July 1958, but by October 1, the cost had risen to 3.35 percent per annum.

The sharp decline from the fall of 1957 to mid-1958 in costs of money enabled the Federal land banks and the Federal intermediate credit banks to lower their lending rates. Between the first of the year and August 1, 1958, 11 of the Federal land banks reduced their rates on mortgage loans to farmers by one-half of 1 percent; the 12th bank reduced its rate by one percentage point. In mid-October 1958, nine of the Federal land banks were charging 5 percent interest and 3 were charging 5 1/2 percent, whereas at the beginning of the year, 9 banks were charging 5 1/2 percent interest and 3 were charging 6 percent.

The Federal intermediate credit banks made even greater reductions in the rates charged production credit associations and other lenders. At the beginning of 1958, these banks were about evenly divided between those charging 4 1/2 percent and those charging 4 3/4 percent. By early October, 8 of the banks were charging only 3 percent and the other 4 were charging little more. These reductions enabled the production credit associations to lower their rates on loans to farmers. From the beginning of 1958 to September 1, the number of associations that were charging 7 percent or more on loans to farmers dropped from 173 to 31 and the number charging less than 6 percent rose from 17 to 70. The number of associations charging 6.0 to 6.9 percent increased from 307 to 395. Reductions in rates were made also by many of the associations whose rates fell within the 6.0-6.9 percent range on both dates. On September 1, 1958, a 6 percent rate was charged by 340 associations, and 55 associations charged 6 1/4 to 6 3/4 percent.

Available information indicates that rates charged by commercial banks, insurance companies, and other lenders followed the trends of those charged by the agencies supervised by the Farm Credit Administration. An increase in interest rates charged by all major lenders in 1957 was followed by a decline during the first half of 1958. Despite this decline, farmers were paying higher rates for new loans in 1958 than they paid in 1956 and earlier years.

TAXES

Tax payments on farm property, real and personal, will probably be around 5 percent higher in 1959 than in 1958. The 1958 levy, payable in 1959, is estimated at $1,345 million. This will be the 18th consecutive yearly increase.

Taxes payable on farm real estate in 1958 total about $1,044 million, up 6.8 percent from 1957. Tax payments in 1959, based on 1958 levies, probably will be around $1,105 million; about 6 percent higher than in 1958. This would bring farm real estate taxes per acre to a new high of $1.02. By comparison, taxes levied on farm real estate averaged $0.69 per acre in 1950 and $0.44 per acre in 1945. It is anticipated that the index of taxes per acre will advance to 497 (1909-13 = 100) in 1958 (fig. 5).

Total taxes levied on farm personal property are considerably smaller than on real estate. It is estimated that the 1958 levy on personal property will constitute about 22 percent of the total tax on farm property, or approximately $240 million. The 1957 levy amounted to $233 million.

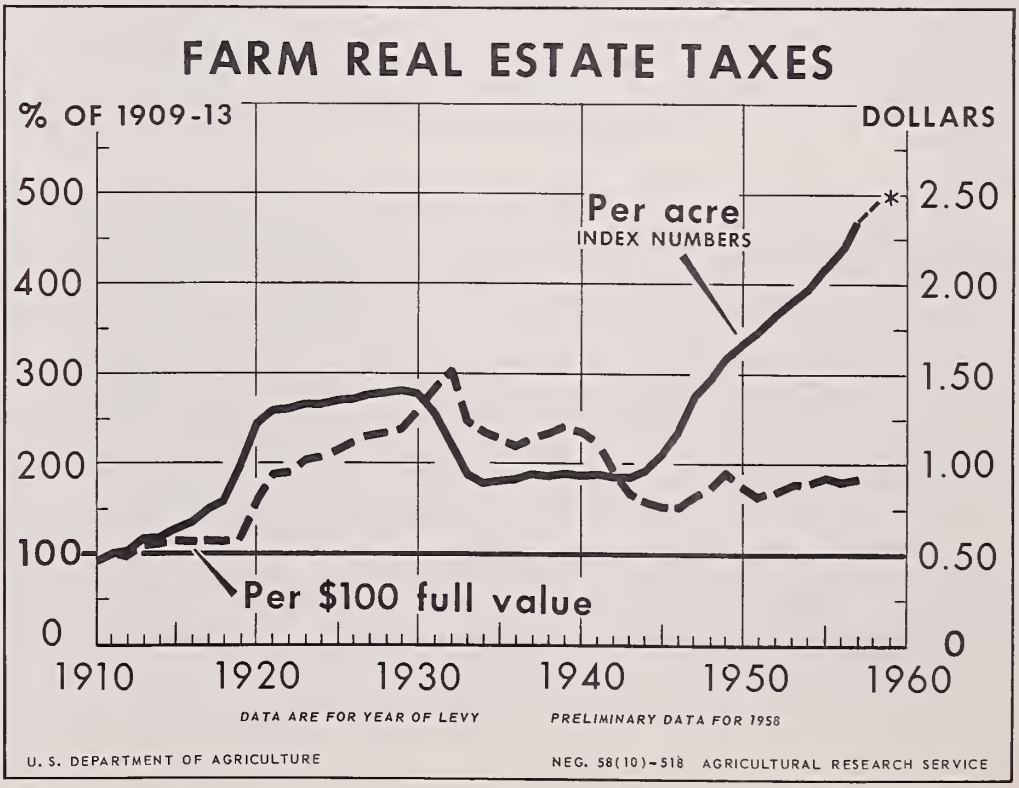

Figure 5

As in other recent years, the rise in farm property taxes is attributable largely to the rising cost of local government. Most State governments that have retained a levy on general property derive relatively small amounts of revenue from this source. Despite its many shortcomings, however, the general property tax remains the major financial bulwark of local governments. The increase in tax levies on farm property reflects the pressing need for additional revenue to finance the broad and expanding services of local governments.

The major public expenditure at the local government level is for public education. In rural areas, an especially large share of the local tax goes for this purpose. The total revenue for public elementary and secondary schools increased approximately 45 percent between 1950 and 1957. About 55 percent of this total was obtained from local taxes. In many rural areas, rising property taxes reflect the need to raise educational standards in classroom instruction and facilities and to increase salary scales sufficiently to attract and retain competent teachers.

Another major cause of the upward trend in farm property taxes is found in the shifts in population associated with the growth of suburbs. This movement has made increasing demands on the property tax base to support expanded countywide government services.

Income Taxes

People living on farms paid slightly more than a billion dollars in Federal income taxes in 1958, on incomes received in 1957. This year with a larger total farm income, Federal income tax payments (payable in 1959) may approximate 1¼ billion dollars.

Several changes in Federal tax laws in 1958 are significant to farmers. Probably the most important is the Small Business Tax Revision Act, which permits write-off of 20 percent of the cost of tangible personal property in the year of acquisition, in addition to the regular depreciation on the balance. The additional allowance applies only to property costing not more than $10,000 ($20,000 on a joint return) acquired after December 31, 1957, and having a remaining useful life of at least 6 years.

The same law extends from 2 to 3 years the period for which a net operating loss can be carried back and offset against taxable income previously reported. This provision will be especially helpful to farmers in high-risk areas, where large incomes often alternate with heavy losses. No change was made in the period (5 years) over which losses may be carried forward and used to reduce income subject to tax.

The 1958 Technical Amendments Act allows certain closely held "small business corporations" to elect to be taxed as a partnership. The shareholders would include in their own income for tax purposes their respective shares of the current taxable income of the corporation, whether distributed or not. The corporate income tax would not apply. For farmers, the significant effect of this change is to remove the "double taxation" disadvantage to the incorporation of family farms.

The Social Security Amendments of 1958 increased both the rate of tax on self-employment earnings and the base. Beginning January 1, 1959, the rate of the self-employment tax will be raised from 3 3/8 percent to 3 3/4 percent. A corresponding rate increase, from 2 1/4 percent to 2 1/2 percent will become effective on January 1 for employers and employees. Starting next year, the tax will apply to earnings up to a maximum of $4,800, compared with the present ceiling of $4,200.

INSURANCE

Expenditures by farmers for insurance increased in 1958 and are expected to do so again in 1959. The volume of insurance on farm property and on crops against hail damage were at record high levels in 1958.

Premiums paid for all farm business insurance account for about 2 percent of total production expenses. An AMS-Census survey indicates that farmers paid about $435 million in premiums in 1955. Premiums on the farm share of automobile and truck insurance were about $150 million; property insurance, mostly against fire and wind damage, cost about $135 million; and crop insurance amounted to about $95 million. Farmers also paid about $55 million for liability insurance of all kinds and the employers' share of Social Security taxes on hired labor. In addition to the cost of farm business insurance, they paid the cost of automobile insurance for personal use and about $90 million for property insurance on farm operator dwellings.

COSTS BY TYPES OF FARMS

Total farm production expenses in 1958 for the United States are expected to be about 6 percent higher than in 1957. On a per-farm basis the increase will be greater because of the continued decline in number of farms. However, total farm output is expected to reach a new high in 1958 and gross farm income for the country as a whole will be up more than enough to offset the higher production expenses. Of course, there will be wide departures from this general pattern among types of farms and production areas.

Operating expenses were higher in 1958 than in 1957 on each of six important types of farms in widely separated areas for which costs and returns were estimated for the 2 years (table 7). Operating expenses ranged from 1 percent higher on Piedmont cotton farms to 7 percent higher on winter wheat farms in the Southern Plains. Higher operating expenses are expected also on poultry farms in New Jersey, dairy farms in the Central Northeast, hog-dairy farms in the Corn Belt, and cattle ranches in the Intermountain region.

Operating expenses per unit of production in 1958 were within 1 or 2 percent of what they were in 1957 on 5 of the 6 types of farms for which 1958 estimates are available. On winter wheat farms, they were about 34 percent below those of 1957 because of the much greater production in 1958.

Of 29 types of farms for which comparable data are available over a series of years, operating expenses per unit of production were higher in 1957 than in 1947-49 on 18 (table 8). They were lower on 5 types of farms and did not change appreciably (3 percent or less) on the other 6.

On 21 of the 29 types of farms, inputs (costs at constant prices) per unit of production were lower in 1957 than in 1947-49 (table 9). In other words, most farmers were able to adjust their use of resources to increase efficiency by using more of the lower cost factors of production and producing more per dollar of fixed cost.

Poultry Farms (Egg Producing) New Jersey

Higher operating expenses in 1958 on New Jersey poultry farms result largely from the expanded volume of production. Preliminary estimates indicate that egg production per farm in 1958 may be about 5 percent above 1957 production (table 8). This is about 55 percent above the 1947-49 average. Cost rates have changed little or not at all since last year. Cost rates are about 12 percent below the 1947-49 level, mainly because of lower prices for feed, which makes up a large part of the cash expenses on these farms.

Table 7.- Costs and returns, selected types of farms, 1957 and indications for 1958

Type of farm and item	Unit	1957	1958 as percentage of 1957
			Percent
Poultry farms, New Jersey: 1/			
Gross farm income	Dollar	27,806	113
Operating expenses	do.	25,679	104
Net farm income	do.	2,127	216
Average layers on hand, during year	Number	4,063	106
Eggs produced	Dozen	66,024	105
Net farm production	Index 2/	153	104
Operating expense per unit of production	do.	83	100
Input per unit of production	do.	91	100
Prices paid	do.	90	99
Prices received	do.	69	109
Dairy farms, Central Northeast:			
Gross farm income	Dollar	11,178	110
Operating expenses	do.	6,083	105
Net farm income	do.	5,095	116
Cows, 2 years old and over	Number	26.6	100
Net farm production	Index 2/	139	106
Operating expenses per unit of production	do.	94	100
Input per unit of production	do.	83	96
Prices paid	do.	111	103
Prices received	do.	96	103
Hog-dairy farms, Corn Belt:			
Gross farm income	Dollar	12,442	111
Operating expenses	do.	6,244	102
Net farm income	do.	6,198	120
Corn production	Bushel	3,169	101
Net farm production	Index 2/	138	104
Operating expense per unit of production	do.	100	98
Input per unit of production	do.	81	98
Prices paid	do.	119	101
Prices received	do.	85	106

-Continued

Table 7.- Costs and returns, selected types of farms, 1957 and indications for 1958 -Continued

Type of farm and item	Unit	1957	1958 as percentage of 1957
			Percent
Cotton farms, Southern Piedmont:			
Gross farm income	Dollar	4,078	108
Operating expenses	do.	2,344	101
Net farm income	do.	1,734	117
Cotton	Acre	13.2	81
Other crops	do.	42.1	91
Net farm production	Index 2/	111	101
Operating expenses per unit of production	do.	104	101
Input per unit of production	do.	89	94
Prices paid	do.	114	109
Prices received	do.	94	107
Winter wheat farms, Southern Plains:			
Gross farm income	Dollar	10,535	130
Operating expenses	do.	4,927	107
Net farm income	do.	5,608	150
Wheat	Acre	100	200
Grain sorghums	do.	119	67
Cropland, fallow and idle	do.	243	84
Net farm production	Index 2/	66	170
Operating expense per unit of production	do.	166	66
Input per unit of production	do.	138	65
Prices paid	do.	121	102
Prices received	do.	88	100
Cattle ranches, Intermountain region:			
Gross ranch income	Dollar	14,152	134
Operating expenses	do.	5,633	105
Net ranch income	do.	8,519	153
Breeding cows and heifers, 2 years old and over	Number	126.1	100
Calf crop	Percent	84	105
Net ranch production	Index 2/	140	105
Operating expense per unit of production	do.	128	101
Input per unit of production	do.	85	95
Prices paid	do.	130	105
Prices received	do.	84	132

1/ Data for 1957 are revised.
2/ Index numbers 1947-49 = 100.

These lower cost rates, together with improvements in production efficiency since the late forties have reduced operating expenses per unit of production to about 16 percent below the 1947-49 average.

The improved earnings picture in prospect for 1958 is due largely to more favorable egg prices than in 1957, and to some extent to the larger volume of egg sales.

Dairy Farms, Central Northeast

On specialized dairy farms in the Northeast, operating expenses per unit of production are expected to be about the same in 1958 as in 1957, even though prices paid for goods and services used in production are somewhat higher. A substantial increase in milk production per cow is largely responsible.

Net farm income is expected to set a new high in 1958 on these farms. Despite a sharp rise in milk deliveries per farm, prices received for milk are about the same as they were last year and prices received for other products are higher. Prices received for culled dairy cows are up sharply.

Hog-Dairy Farms, Corn Belt

Operating expenses on hog-dairy farms in 1958 are expected to be about 2 percent above those in 1957 and 40 percent above those in 1947-49. Higher prices paid in 1958 by these farmers for machinery, building materials, hired labor, spray materials, and taxes were partly offset by the lower prices paid for such items as feed, seed, and gasoline.

The greater farm production resulting chiefly from increased hog production and some increases in production of corn and milk probably will more than offset the higher operating expenses, so that operating expenses per unit of production in 1958 are expected to average less than in the previous year.

The higher prices received for hogs, cattle, chickens and eggs, and the slightly lower prices of butterfat, probably will result in an overall increase of about 6 percent in the average of prices received. Hog prices increased about 13 percent from the previous year, but prices of corn dropped. The larger production plus favorable prices probably will result in record high returns to hog-dairy farms - about 20 percent above 1957 and 32 percent above 1947-49.

Table 8 .- Index numbers of operating expenses per unit of production, specified types of commercial farms, 1957 with comparisons 1/

(1947-49 = 100)

Type and location of farm	Average 1937-41	1949	1950	1951	1952	1953	1954	1955	1956	1957 2/
Dairy farms:										
Central Northeast	52	100	96	103	113	102	97	93	95	94
Eastern Wisconsin	45	101	106	112	119	114	114	117	113	116
Western Wisconsin	38	95	101	107	111	105	114	110	102	100
Dairy-hog, Southeastern Minnesota	45	100	108	110	110	111	108	102	99	102
Corn Belt farms:										
Hog-dairy	50	98	105	111	111	111	101	105	100	100
Hog-beef raising	50	92	96	108	104	113	117	98	97	97
Hog-beef fattening	44	99	114	134	112	105	114	109	108	109
Cash grain	49	98	115	118	125	129	124	121	106	119
Tobacco farms:										
Tobacco-livestock, Kentucky	47	101	108	110	112	117	114	130	130	138
Tobacco-cotton, North Carolina	---	104	110	110	118	122	131	112	109	131
Cotton farms:										
Southern Piedmont	49	103	113	106	118	111	121	97	106	104
Black Prairie, Texas	38	101	107	138	129	112	131	107	147	118
High Plains, Texas (nonirrigated)	44	93	105	126	171	277	116	125	141	85
High Plains, Texas (irrigated)	---	90	112	120	118	126	111	128	113	97
Mississippi Delta (small)	---	108	114	142	136	129	135	117	127	147
Mississippi Delta (large-scale)	---	101	105	125	114	99	104	86	92	104
Peanut-cotton farms:										
Southern Coastal Plains	---	110	111	123	134	128	137	109	108	116
Spring wheat farms, Northern Plains:										
Wheat-small grain-livestock	59	122	94	93	125	117	129	82	78	113
Wheat-corn-livestock	60	126	115	100	140	117	121	123	119	101
Wheat-roughage-livestock	92	122	108	110	158	104	125	102	121	114
Winter wheat farms, Southern Plains:										
Wheat	90	124	106	155	84	148	121	142	152	166
Wheat-grain sorghum	92	109	157	150	125	234	163	189	158	148
Wheat-pea farms:										
Washington and Idaho	60	112	105	122	114	106	100	130	109	106
Sheep ranches:										
Northern Plains	51	129	103	110	133	112	121	118	124	95
Southwest	---	97	119	134	132	136	128	112	137	112
Cattle ranches:										
Northern Plain	66	137	126	135	123	115	116	123	125	119
Intermountain region	48	122	135	136	142	146	168	155	130	128
Southwest	---	91	103	144	166	138	138	113	149	103
Poultry farms, New Jersey (egg producing)	---	90	91	99	101	97	97	91	88	84

1/ Exclusive of charges for capital and unpaid labor.
2/ Preliminary.

Table 9.- Index number of input per unit of production, specified types of commercial farms, 1957 with comparisons 1/

(1947-49 = 100)

Type and location of farm	Average 1937-41	1949	1950	1951	1952	1953	1954	1955	1956	1957 2/
Dairy farms:										
Central Northeast	105	103	95	94	94	90	87	85	86	83
Eastern Wisconsin	109	99	99	95	97	95	93	93	88	86
Western Wisconsin	102	95	96	91	92	88	89	85	80	75
Dairy-hog, Southeastern Minnesota	104	96	98	91	86	86	83	79	76	76
Corn Belt farms:										
Hog-dairy	112	95	97	95	92	93	86	89	84	81
Hog-beef raising	109	89	90	94	85	96	100	84	82	80
Hog-beef fattening	107	98	97	100	94	98	99	98	99	92
Cash grain	101	92	104	98	99	101	95	93	80	87
Tobacco farms:										
Tobacco-livestock, Kentucky	111	98	105	95	93	98	92	107	106	111
Tobacco-cotton, North Carolina	---	104	102	90	101	104	107	93	88	107
Cotton farms:										
Southern Piedmont	108	106	113	97	98	92	104	78	92	89
Black Prairie, Texas	105	92	108	120	109	88	116	90	132	101
High Plains, Texas (nonirrigated)	105	81	105	112	156	303	116	126	140	77
High Plains, Texas (irrigated)	---	86	116	109	107	118	106	120	104	89
Mississippi Delta (small)	---	107	111	121	111	100	112	93	102	118
Mississippi Delta (large-scale)	---	104	99	112	100	93	99	82	88	97
Peanut-cotton farms:										
Southern Coastal Plains	---	104	100	97	104	96	109	83	84	91
Spring wheat farms, Northern Plains:										
Wheat-small grain-livestock	140	119	91	85	118	106	120	76	72	99
Wheat-corn-livestock	118	119	106	86	130	100	105	105	101	82
Wheat-roughage-livestock	183	118	104	97	137	92	111	90	105	95
Winter wheat, Southern Plains:										
Wheat	173	119	103	132	72	127	105	124	131	138
Wheat-grain sorghum	182	103	147	138	109	208	146	169	151	132
Wheat-pea farms:										
Washington and Idaho	115	108	97	103	91	87	81	106	85	80
Sheep ranches:										
Northern Plains	109	121	100	84	99	92	103	99	103	79
Southwest	---	96	100	116	114	128	128	112	144	119
Cattle ranches:										
Northern Plains	130	124	115	97	95	93	94	99	101	95
Intermountain region	103	114	115	97	99	106	111	104	92	85
Southwest	---	93	100	107	128	123	132	114	148	104
Poultry farms, New Jersey (egg producing)	---	96	96	95	95	95	96	95	93	91

1/ Includes charges for capital and unpaid labor.
2/ Preliminary.

Cotton Farms, Southern Piedmont

In 1958, operating expenses per unit of production probably will be about the same as a year earlier on cotton farms in the Southern Piedmont. Prices paid for commodities and services used in production probably will average about 9 percent higher than in 1957, but real costs (costs at constant prices) per unit of production are expected to average about 6 percent lower. Lower real costs are due chiefly to higher yields per acre.

Net farm production is expected to be about the same in 1958 as in 1957. In 1958, an average of 5.5 acres of cotton per farm were put in the soil bank. This is about twice the acreage put in the soil bank in 1957. However, total production of cotton probably will be nearly 6 percent above 1957. Cotton yields in this area are estimated at 409 pounds per acre; this is about 95 pounds higher than a year earlier and the second highest on record.

If mid-October prices received for lint and cottonseed continue through December, net farm income on southern Piedmont cotton farms, including $426 in Government payments, will average about $2,030 per farm - 17 percent above 1957. The increase in net farm income will be due to both higher yields per acre and the higher prices received. The index of prices received will be about 7 percent above 1957.

Winter Wheat Farms, Southern Plains

In 1958, prices paid for goods and services used in production on winter wheat farms in the Southern Plains are expected to average about 2 percent higher than in 1957 and about 24 percent higher than in 1947-49. Total operating expenses per farm in 1958 probably will be about 7 percent higher than in 1957, but operating expense per unit of production is expected to be about 34 percent lower, chiefly because of higher wheat production per farm in 1958.

Crop yields in 1958 on these farms are expected to be at record high. Wheat yields in 1958 probably will average about 42 percent higher than in 1957 and yields of grain sorghum probably will average about 38 percent higher. Production per farm is expected to be about 70 percent higher than in 1957. The acreage of wheat harvested per farm in 1958 was about twice the acreage harvested in 1957 but only about two-thirds of the 1947-49 average. Most of the increase in acreage of wheat in 1958 was due to a return to more normal growing conditions following the drought in 1956-57. With the increase in acreage of wheat, the acreage in sorghums in 1958 was reduced to only about two-thirds that in 1957. This was still about three times the average in 1947-49.

Net farm incomes per farm in 1958, including an average of about $400 in Government payments, are expected to average about $8,400. This is about 50 percent higher than the incomes obtained in 1957 but about 16 percent below the 1947-49 average.

Cattle Ranches, Intermountain Region

Total operating expenses in 1958 on cattle ranches in the Intermountain region are expected to be nearly double the 1947-49 average and will be close to the record high of a little more than $6,100 in 1954. However, operating expenses per unit of production probably will average about the same as in 1957, the lowest since 1949, chiefly because of the high production per ranch.

Net ranch production in 1958 will be a record high - nearly 5 percent higher than in 1957 and nearly 50 percent higher than in 1947-49. Range conditions in the latter part of 1957 and the fore part of 1958 were unusually good; inventory of cattle on ranches was at a record high; and the calf crop in 1958 was considerably above average and the highest on record. As a result, net production of cattle in 1958 on these ranches is expected to be a record high.

In 1958, prices received for cattle were favorable (the highest since 1952) and coupled with high production this is expected to yield ranch incomes about 50 percent higher than in 1957 or in 1947-49.